Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20544

In the Matter of Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Expedited Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc., and for Expedited Arbitration	)	CC Docket No. 00-218

STATEMENT OF RELEVANT AUTHORITIES

April 23, 2001

TABLE OF CITATION FORMS

FCC Orders	
Short Citation	Full Citation
Access Charge Order	In re Access Charge Reform, First Report and Order, 12 F.C.C.R. 15982 (1997).
Access Charge NPRM	In re Access Charge Reform Price Cap Performance Review for Local Exchange Carriers, Notice of Proposed Rulemaking, Third Report and Order and Notice of Inquiry, 11 F.C.C.R. 21354 (1996).
Advanced Services Order IV (2001)	In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147, and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 97-98, Third Report and Order On Reconsideration In CC Docket No. 98-147, Fourth Report and Order On Reconsideration In CC Docket No. 96-98, Third Further Notice of Proposed Rulemaking in CC Docket No. 98-147, and Sixth Further Notice of Rulemaking in CC Docket No. 96-98, FCC 01-26 (rel. Jan. 19, 2001).
Advanced Service Order III (2000)	In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147 and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Order on Reconsoderation and Second Further Notice of Proposed Rulemaking in CC Docket No. 98-147 and Fifth Further Notice of Proposed Rulemaking in CC Docket No. 96-98, 15 F.C.C.R. 17806 (2000).
Advanced Services Order II (1999)	In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, First Report and Order and Further Notice of Proposed Rulemaking, 14 F.C.C.R. 4761 (1999).
Advanced Services Order (1998)	In Re Deployment of Wireline Services Offering Advanced Telecommunications Capability, Memorandum Opinion and Order and Notice of Proposed Rulemaking, 13 F.C.C.R. 24012 (1998).
Ascom Order	In re Ascom Communic., Inc. v. Sprint Communications Co., Memorandum Opinion and Order, 15 F.C.C.R. 3223 (2000).
BA/GTE Merger Order	In re Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, Memorandum Opinion and Order, 15 F.C.C.R. 14032 (2000).

FCC Orders	
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BA/NYNEX Merger Order	In re NYNEX Corp. and Bell Atlantic Corp. for Consent to Transfer Control of NYNEX Corp. and its Subsidiaries, Memorandum Opinion and Order, 12 F.C.C.R. 19985 (1997).
Bus. Disc. NOAL	In re Business Discount Plan, Inc., Notice of Apparent Liability for Forfeiture, 14 F.C.C.R. 340 (1998).
Clarification Order	In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Supplemental Order Clarification, 15 F.C.C.R. 9587 (2000).
CPNI Order	In re Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information CC Docket No. 96-115, and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, and In re Provision of Directory Listing Information Under the Telecommunications Act of 1934, as Amended, CC Docket No. 99-273, Third Report and Order in CC Docket No. 96-115, Second Order on Reconsideration of the Second Report and Order in CC Docket No. 96-98, and Notice of Proposed Rulemaking in CC Docket No. 99-273, 17 Communications Reg. (P&F) 643 (rel. Sept. 9, 1999).
KS/OK 271 Order	In re Joint Application by SBC Communications Inc. for Provision of In-Region InterLATA Services in Kansas and Oklahoma, CC Docket No. 00-217, Memorandum Opinion and Order, FCC 01-29 (rel. Jan.22, 2001).
Line Sharing Order	In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147 and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in Docket No. 96-98, 14 F.C.C.R. 20912 (1999).
Local Competition Order	In re Implementation of the Local Competition Provision in the Telecommunications Act of 1996, First Report and Order, 11 F.C.C.R. 15499 (1996).

FCC Orders	
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Mich. 271 Order	In re Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in Michigan, Memorandum Opinion and Order, 12 F.C.C.R. 20543 (1997).
NY 271 Order	In re Bell Atlantic-New York Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Service in the State of New York, Consent Decree, 15 F.C.C.R. 5413 (2000).
Number Portability Order	In re Telephone Number Portability, First Report and Order, and Further Notice of Proposed Rulemaking, 11 F.C.C.R. 8352 (1996).
Rainbow Program Order	In re Rainbow Programming Holdings, Inc. v. Bell Atlantic-New Jersey, Inc., Memorandum Opinion and Order, 15 F.C.C.R. 11754 (2000).
Reciprocal Compensation Order	In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Inter-Carrier Compensation for ISP-Bound Traffic, Declaratory Ruling in CC Docket No. 96-98 and Notice of Proposed Rulemaking in CC Docket No. 99-68, 14 F.C.C.R. 3689 (1999), vacated, Bell Atlantic Tel. Co. v. FCC, 206 F.3d 1 (D.C. Cir. 2000).
TSR Wireless Order	In re TSR Wireless, LLC, et al. v. U S WEST Communications, Inc. et al., Memorandum Opinion and Order, 15 F.C.C.R. 11166 (2000).
TX 271 Order	In re Application by SBC Communications Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas, Memorandum Opinion and Order, 15 F.C.C.R. 18354 (2000).
UNE Licensing Order	In re Petition of MCI for Declaratory Ruling that New Entrants Need not Obtain Separate License or Right-to-Use Agreements before Purchasing Unbundled Elements, Memorandum Opinion and Order, 15 F.C.C.R. 13896 (2000).
UNE Remand Order	In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 F.C.C.R. 3696 (1999).
Universal Service Report	In re Federal-State Joint Board on Universal Service, Report to Congress, 13 F.C.C.R. 11501 (1998).

FCC Orders	
Short Citation	Full Citation
Universal Service Order	In re Federal-State Joint Board on Universal Service, Report and Order, 12 F.C.C.R. 8776 (1997).

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STATEMENT OF RELEVANT AUTHORITIES

WorldCom, Inc, through its undersigned attorneys, and pursuant to Section 2.2 of the Procedural Order, respectfully submits this Statement of Relevant Authorities. The issues are organized in the same manner as they are set out in the Request for Arbitration. Thus, they are grouped by subject matter, with each issue listed separately within the subject matter area.

World Com has attempted to be as thorough as possible. Nonetheless, because Verizon's position on virtually all of these issues is unknown, there may be authority that ultimately becomes relevant to the dispute that is not included in this Statement. WorldCom will submit any additional state statutes, judicial authority, and regulatory authority which are relevant to the issues presented here as such authority becomes available.

UNE PRICING

Issue II-1: Should Verizon be required to reduce recurring rates for certain Unbundled Network Elements ("UNEs")?

WorldCom's proposal is consistent with § 252(d)(1) of the 1996 Act, which requires Verizon to provide WorldCom with unbundled network elements ("UNEs") at cost-based rates. 47 U.S.C. § 252(d)(1). The FCC reinforced this requirement when it determined that UNE rates should be set consistent with the Total Element Long Run Incremental Cost ("TELRIC") methodology, which bases prices on the forward-looking cost of operating an efficient network.[1] See Local Competition Order; 47 C.F.R. § 51.505. Because the rates must track costs, the decline in the cost of providing certain UNEs requires a corresponding reduction in the rates for those UNEs.

[1] The TELRIC regulations are still binding despite the Eighth Circuit's rejection of the methodology's requirement that costs be determined in relation to the cost of an efficient network because the Eighth Circuit has stayed the effect of its mandate pending the Supreme Court's review of the case on appeal. Iowa Utils. Bd. v. FCC, 219 F.3d 744 (8th Cir. 2000), petition for cert. granted in part sub. nom. Verison Communications, Inc. v. FCC, 121 S. Ct. 877 (2001); Iowa Utils. Bd. v. FCC, No 96-3321, Order Granting Partial Stay of the Mandate (8th Cir. Sept. 22, 2000)

NON-RECURRING CHARGES

Issue II-2: What are the proper non-recurring charges, particularly for Unbundled Network Element Platform ("UNE-P") provisioning in the case of conversions or migrations of existing Verizon customers?

WorldCom's proposal is consistent with § 252(d)(1)'s requirement that the charges incurred when Verizon customers are switched to WorldCom services be set using a pricing methodology based on the cost of providing the network elements, and with the FCC regulations that mandate that the price of all elements conform to the forward-looking TELRIC pricing methodology. 47 U.S.C. § 252(d)(1); 47 C.F.R. §§ 51.501, 51.505; see also Bell-Atlantic Delaware v. McMahon, 80 F. Supp. 2d 218, 250-51 (D. Del. 2000) (noting that non-recurring charges must be set at TELRIC rates).

NETWORK ARCHITECTURE

There are a large number of disputed issues concerning network architecture. Detailed terms and provisions regarding network architecture are important to effectuate the Act's requirement that incumbent carriers like Verizon "interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers," 47 U.S.C. § 251(a)(1), "on rates terms and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of [the 1996 Act]." Id. §251 (c)(2). Absent such detailed provisions, the parties are certain to become embroiled in disputes concerning the means by which interconnection will take place. This is particularly true given the parties' contrary interests; WorldCom, as a new entrant, is seeking an agreement that will allow it to enter what has previously been a monopoly market, and Verizon is an incumbent that has every incentive to preserve its monopoly.

Issue IV-1: How should third party transit traffic be routed and billed by the parties?

WorldCom's proposal advocates an efficient means of billing and routing third party traffic, and is therefore consistent with the Act's goal of fostering "prompt, efficient, competitive entry" into local telephone markets, Local Competition Order ¶ 13, and the FCC's recognition that, consistent with § 251(c) of the Act, traffic should be routed as efficiently as possible. See id. ¶ 172.

Issue III-3: Does WorldCom have the right to require interconnection via a Fiber Meet Point arrangement, jointly engineered and operated as a SONET Transmission System (SONET ring)?

The FCC discussed three methods of interconnection in the Local Competition Order: physical collocation, virtual collocation, and meet point interconnection. Local Competition Order ¶ 553. Meet point arrangements are well known and are commonly used by neighboring

ILECs for the mutual exchange of traffic. This "meet point arrangement" is what WorldCom refers to as a fiber meet point arrangement.

Under a typical "meet point" arrangement, WorldCom and the ILEC would each "build out" to a meet point. Under this type of arrangement the official "POI" is the point where the ILEC build out connects to the rest of the ILEC network. The "limited build out" to the meet point is the financial responsibility of each party and is part of what the FCC calls the "reasonable accommodation of interconnection" Local Competition Order ¶ 553.

As an incumbent local exchange carrier, Verizon has the duty to provide interconnection for the facilities and equipment of any requesting telecommunications carrier at any technically feasible point. 47 U.S.C. § 251(c)(2)(B). The FCC's regulations on interconnection provide that:

> Except as provided in paragraph (e) of this section [concerning collocation], an incumbent LEC shall provide, on terms and conditions that are just, reasonable, and nondiscriminatory in accordance with the requirements of this part, any technically feasible method of obtaining interconnection or access to unbundled network elements at a particular point upon a request by a telecommunications carrier.

47 C.F.R. § 51.321(a) (emphasis added).

Interconnection via a mid-span Fiber Meet Point Arrangement is technically feasible. Indeed, WorldCom and various incumbent LECs currently interconnect in this manner. The fact that this method of obtaining interconnection has been employed successfully constitutes substantial evidence that such method is technically feasible. Id. § 51.321(c).

The FCC has specifically found that one of the technically feasible methods of obtaining interconnection is a meet point interconnection arrangement. Id. § 51.321(b)(2). The FCC has held that "other methods of technically feasible interconnection or access to incumbent LEC

networks, such as meet point arrangements, in addition to virtual and physical collocation, must be made available to new entrants upon request." Local Competition Order ¶ 553. The FCC went on to note that "although the creation of meet point arrangements may require some build out of facilities by the incumbent LEC, we believe that such arrangements are within the scope of the obligations imposed by sections 251(c)(2) and 251(c) (3)." Id. Not only has the FCC concluded that ILECs such as Verizon must provide interconnection via meet point arrangements, it has also concluded that ILECs are obligated to modify their facilities, if necessary, to accommodate interconnection. Id. ¶ 198. The FCC has explained in this regard that:

> For example, Congress intended to obligate the incumbent to accommodate the new entrant's network architecture by requiring the incumbent to provide interconnection "for the facilities and equipment" of the new entrant. Consistent with that intent, the incumbent must accept the novel use of, and modification to, its network facilities to accommodate the interconnector or to provide access to unbundled elements.

Id. ¶ 202. As the Massachusetts DTE has found in an arbitration raising the same issue:

> Therefore, the Department finds that because a mid-span meet arrangement is technically feasible, Bell Atlantic must provide this method of interconnection to Media One and Greater Media. Bell Atlantic cannot condition this type of interconnection, as it claims, on the mutual agreement of the parties, or on the availability of facilities. See id. at ¶ 199.

Petition of Media One, Inc. and New England Telephone and Telegraph, for arbitration, D.T.E 99-42/43, 99-52 (Mass. DTE at 24) August 25, 1999.

Issue IV-2: Is Verizon obligated to provide and use two-way trunks that carry each party's traffic?

The FCC has directly addressed this issue in binding regulations that require incumbent carriers to provide two-way trunking upon request if it is technically feasible. 47 C.F.R. § 51.305(f) ("If technically feasible, an incumbent LEC shall provide two-way trunking upon request."); see also U S West v. MFS Intelenet, 193 F.3d 1112, 1124 (9th Cir. 1999) (affirming interconnection agreement provision requiring provision of two way trunks because § 51.305(f) required it).

Issue I-1: Does WorldCom, as the requesting carrier, have the right pursuant to the Act, the FCC's Local Competition Order, and FCC regulations, to designate the network point (or points) of interconnection at any technically feasible point, including a single POI per LATA? May Verizon impose multiple points of interconnection or shift to WorldCom the financial responsibility to transport Verizon's originating traffic?

The Act provides that Verizon has the "duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network ... at any technically feasible point within the carrier's network." 47 U.S.C. § 251(c)(2). FCC Rule 51.305 (a)(2) identifies the minimum set of places where ILECs must provide interconnection, but explicitly states that interconnection must be provided "at any technically feasible point within the incumbent network." The FCC rules do not require a POI at a location in each Verizon local calling area, as Verizon proposes. Local Competition Order ¶¶ 209, 549, 550, 551, 553, 554.

The FCC's Local Competition Order sets forth the right of competing carriers to choose the point of interconnection: "The interconnection obligation of section 251(c)(2), discussed in this section, allows competing carriers to choose the most efficient points at which to exchange traffic with incumbent LECs, thereby lowering the competing carrier's costs of, among other things, transport and termination of traffic." Local Competition Order ¶172.

The FCC also stated that "of course, requesting carriers have the right to select points of interconnection at which to exchange traffic with an incumbent LEC under 251(c)(2)." Local Competition Order ¶ 220 n.464. It is the requesting carrier, not the incumbent, who is given the right to choose the interconnection point. [2]

More recently, in its Texas 271 Order, the FCC has ruled that a CLEC may choose to interconnect with an ILEC at a single point. The FCC explained that:

> Section 251, and our implementing rules, require an incumbent LEC to allow a competitive LEC to interconnect at any technically feasible point. This means that a competitive LEC has the option to interconnect at only one technically feasible point in each LATA.

Texas 271 Order ¶ 77.

Section 251(c) of the Act imposes specific obligations upon Verizon as an incumbent local exchange carrier. Among these obligations is the duty to provide for the facilities and equipment of any requesting telecommunications carrier interconnection at any technically feasible point.

WorldCom's right under the Act to choose the point of interconnection has been affirmed by the Courts. For example, the United States District Court for the Middle District of Pennsylvania affirmed a Magistrate's decision establishing MCI's right to interconnect at a single technically feasible point of interconnection and reversing a decision by the Pennsylvania Public Utility Commission specifying multiple points of interconnection. MCI v. Bell Atlantic-Pennsylvania, No. 1:CV-97-1857, slip op. at 14 (M.D. Pa. 2000).

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[2] Also, as Paragraph 198 of the FCC's Local Competition Order notes, "technically feasible" under this definition "refers solely to technical or operational concerns, rather than economic, space or site considerations."

The Magistrate ruled as follows:

> The PUC's decision to require MCI to interconnect with Bell Atlantic's network in every access tandem serving area is inconsistent with the Act and FCC regulations. In the absence of proof by Bell Atlantic that it is not technically feasible for MCI to have only one point of interconnection in each LATA, the agreement must permit MCI to establish a single point of interconnection per LATA consistent with the Act and FCC regulations. . . . As the FCC notes, under the FCC's interpretation new entrants may select the most efficient points at which to exchange traffic with incumbent LEC's thereby lowering the competing carrier's cost of, among other things, transportation and termination, citing FCC Order ¶ 172.

MCI v. Bell Atlantic-Pennsylvania, No. CV-97-1857, Report and Recommendation, slip op. at 36-37 (M.D. Pa. 1999).

The Ninth Circuit Court of Appeals has upheld provisions in the MFS/U S West Interconnection Agreement permitting a single point of interconnection per LATA at the tandem, noting that "[t]he plain language requires local exchange carriers to permit interconnection at any technically feasible point within the carrier's network." U S West Communications v. MFS Intelenet, 193 F.3d at 1124.[3]

Verizon has proposed that WorldCom can receive as reciprocal compensation only the End Office Reciprocal Compensation rate less transport and tandem switching charges if WorldCom does not establish multiple points of interconnection. Verizon's proposal forces WorldCom to receive Verizon traffic at a Verizon end office and then pay for the transport of this Verizon traffic to the WorldCom network. This proposal is at odds with WorldCom's rights under § 252(d)(2)(A)(i) of the Act.

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[3] See also U S West v.Garvey, Civ. No. 97-913, 1999 U.S. Dist. LEXIS 22042 (D. Minn.March 31, 1999); MCI v. U S West, No. C97-1508R, 1998 U.S. Dist. LEXIS 21585 (W.D. Wash. July 21, 1998) rejecting ILEC claims that a CLEC must establish a POI in each ILEC local calling area.

Section 252(d)(2)(A)(i) provides that reciprocal compensation terms and conditions must "provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network of the other carrier." 47 U.S.C. § 252(d)(2)(A)(1). Verizon's interconnection point proposal denies WorldCom the right to recover its costs associated with the transport on its network facilities of calls that originate on Verizon's network.

Further, Verizon's interconnection point language is inconsistent with FCC regulations that require symmetrical reciprocal compensation. 47 C.F.R. § 51.711(a)(1) requires that rates for transport and termination be symmetrical, and defines symmetrical rates as "rates that a carrier other than an incumbent LEC assesses upon an incumbent LEC for transport and termination of local telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for the same services." Verizon's proposal denies WorldCom the right to charge Verizon for transport – although Verizon will charge transport to WorldCom –and is therefore inconsistent with WorldCom's right to charge symmetrical reciprocal compensation.

Verizon's proposal to charge transport fees to WorldCom for traffic that originates on Verizon's network also directly contradicts 47 CFR § 51.703(b), which provides that "A LEC may not assess charges on any other telecommunications carrier for local telecommunications traffic that originates on the LEC's network."

Moreover, Verizon's proposal that CLECs establish POIs in each Verizon rate center area forces CLECs to transport Verizon's traffic all the way from Verizon's end office to the CLEC network. This proposal is the functional and financial equivalent of charging the CLEC for such transport of Verizon originating traffic. Verizon is seeking to transfer to the CLEC, or

impose on the CLEC, the cost of transporting Verizon traffic. Verizon should not be permitted to accomplish indirectly—by designating multiple POIs—what it is prohibited from accomplishing directly by 47 C.F.R. § 51.703(b).

In its Kansas/Oklahoma 271 Order the Commission addressed an interconnection proposal from SWBT which is similar to that now proposed by Verizon.[4] The Commission noted the comments made by some parties that SWBT in effect was denying competing carriers the right to select a single point of interconnection by improperly shifting transport costs to them. The Commission cautioned SWBT from taking an out of context interpretation of its obligation to deliver traffic to a CLEC's point of interconnection. The Commission went on to note 1) that its decision to allow a single point of interconnection did not change an ILEC's reciprocal compensation obligations and 2) that the Commission's rules preclude an incumbent LEC from charging carriers for local traffic that originates on the incumbent LEC's network.

The Massachusetts DTE has rejected Verizon's proposal to impose multiple IPs and its twin proposal that CLECs must pay for transport of Verizon's originating traffic:

> Regarding Bell Atlantic's request that the Department approve its proposal to require MediaOne and Greater Media to provide IPs at or near each of Bell Atlantic's tandems, neither the Act nor the FCC's rules requires MediaOne or any CLEC to interconnect at multiple points within a LATA to satisfy an incumbent's preference for geographically relevant interconnection points. See [Local Competition Order] ¶¶ 198-199.
>
> Therefore, we find that a CLEC may designate a single IP for interconnection with an incumbent even though that CLEC may be serving a large geographic area that encompasses multiple ILEC tandems and end offices. There is no requirement or even preference under federal law that a CLEC replicate or in a lesser way mirror an ILEC's network. Indeed, the Act created a preference for CLECs to design and engineer in

[4] KS/OK 271 Order ¶ 235.

> the most efficient way possible, which Congress envisioned could be markedly different than the ILECs networks. Id. ¶ 172.
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> Regarding Bell Atlantic's argument that if MediaOne and Greater Media do not establish "geographically relevant" IPs, they would be obligated to pay Bell Atlantic's transport costs, Bell Atlantic has pointed to nothing in the Act or FCC rules requiring CLECs to pay the transport costs that Bell Atlantic will incur to haul its traffic between Bell Atlantic's IP and the meet point. The FCC envisioned both carriers paying their share of the transport costs to haul traffic to the meet point under the interconnection rules. Bell Atlantic's cite to the FCC's language regarding "expensive interconnection" is not on point because the FCC there was referring to interconnection costs -- not transport costs.

Petition of Media One, Inc. at 25.

The FCC has previously addressed the responsibility of a carrier to deliver its originating traffic to a co-carrier for termination. In doing so it has explained the basic interconnection architecture to be employed by co-carriers. The FCC places the responsibility for costs associated with originating traffic on the carrier that originates the call when the originated traffic must be delivered to another carrier's network for completion. This responsibility includes the facilities necessary to deliver the call to a co-carrier's network. On June 21, 2000, the FCC issued its Memorandum Opinion and Order in TSR Wireless. That decision sets forth the framework by which carriers recover costs incurred in carrying both originating and terminating traffic. The FCC describes the obligations of a carrier when its customers originate traffic as follows:

> The Local Competition Order requires a carrier to pay the cost of facilities used to deliver traffic originated by that carrier to the network of its co-carrier, who then terminates that traffic and bills the originating carrier for termination compensation. In essence, the originating carrier holds itself out as being capable of transmitting a telephone call to any end-user, and is responsible for paying the cost of delivering the call to the network of the co-carrier who will then terminate the call. Under the Commission's regulations, the cost of the facilities used to deliver this traffic is the originating carrier's responsibility, because these facilities are part of the originating carrier's network. The originating carrier recovers the costs of these facilities through the rates it charges its own customers for making calls. This regime represents "rules of the road" under which all carriers

operate, and which make it possible for one company's customer to call any other customer even if that customer is served by another telephone company. TSR Wireless Order ¶ 34

Verizon's proposal is not consistent with FCC rules. Verizon's proposal will relieve it of the obligation to deliver its originating traffic to the network of a co-carrier and instead shifts the cost of facilities used to deliver these originating calls to the co-carrier.

Issue I-2 : Can Verizon require WorldCom to receive Verizon traffic at a Verizon end office and then require WorldCom to transport that traffic back to the WorldCom network free of charge?

There is a substantial degree of overlap between this issue and Issue I-1, discussed above. Verizon's proposal interferes with WorldCom's right to designate the point of interconnection, and therefore is contrary to the authorities cited and discussed in Issue I-1.

Issue III-1;III-2: Should Verizon be required to provide transit service at TELRIC-based rates?

Section 251 (a) of the Act imposes upon each telecommunications carrier the duty to "interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers." 47 U.S.C. § 251(a). Indirect interconnection necessarily involves the use of a third carrier's facilities to connect the two interconnecting carriers. If the third carrier, in this case Verizon, can unilaterally refuse to provide transit service, it can prevent indirect connection from occurring, thereby frustrating the Congressional mandate that carriers be allowed to interconnect 'indirectly'.

The FCC has held that telecommunications carriers subject to § 251(a) are permitted to interconnect either directly or indirectly, based upon their most efficient technical and economic

choices.[5] The Commission noted that two non-incumbent LECs could interconnect with one another indirectly via interconnection with an incumbent LECs network, and that "direct interconnection, however, is not required under section 251(a) of all telecommunications carriers."[6] Because the Act does not mandate direct interconnection between non-dominant carriers, there is no basis for Verizon's attempt to compel such direct interconnection.

WorldCom has the duty to interconnect, with other CLECs for example, either directly or indirectly. 47 U.S.C. § 251(a). Because indirect interconnection is an authorized method of interconnection between CLECs, Verizon's refusal to provide transit service could prevent CLEC to CLEC interconnection from occurring. In doing so, Verizon would frustrate the mandate of § 251(a).

Finally, FCC regulations require Verizon to provide transit at TELRIC rates.[7] See 47 C.F.R. § 51.705; see also Local Competition Order ¶¶ 292-293 (concluding that incumbent carriers must offer transport at TELRIC prices in order to qualify for § 271 approval).

Issue IV-3: Should the Interconnection Agreement contain specific provisions concerning when the parties should begin planning for trunk and facility augmentation?

See discussion of relevant authority at p. 4 supra.

Issue IV-4: Should the Interconnection Agreement include terms specifying that Verizon shall respond to a request for Interconnection within ten business days after the date of the request; will provide any information available to it regarding adverse environmental or other conditions at a point of Interconnection or the Interconnection route; shall allow WorldCom to perform any site investigations, including, but not limited to, asbestos surveys, which WorldCom may deem to be necessary in support of its interconnection needs; will make alternative routes available for WorldCom's consideration if its interconnection is complicated by the presence of environmental contamination or other conditions?

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[5] Local Competition Order ¶ 997. As previously noted, indirect interconnection via Verizon's tandem switch is an efficient choice for carriers that exchange minimal amounts of traffic.

[6] Id.

[7] See supra note 1.

Each of these provisions facilitates WorldCom's entry into the local market. In addition, the proposed term requiring Verizon to promptly respond to requests for interconnection furthers Congress' desire that competitive markets develop "as quickly as possible." H.R. Rep. No. 104-204 at 89 (1995). The remaining provisions protect the public health and the health of personnel involved in provisioning the interconnection of the networks.

Issue IV-5: Should the Interconnection Agreement include a provision specifying that there will be no compensation between the Parties for use of the Interconnection facilities except in those cases where a Party may lease Interconnection facilities from the other ?

See discussion of relevant authority at p. 4, supra. Moreover, such a provision would be consistent with Verizon's general obligation to "make . . . telecommunications facilities, or functions available to a qualifying carrier on just and reasonable terms and pursuant to conditions that permit such qualifying carrier to fully benefit from the economies of scale and scope of such local exchange carrier." 47 C.F.R. § 59.2.

Issue IV-6: Should the Interconnection Agreement contain detailed terms addressing Meet Point Trunking arrangements for the joint provisioning of switched access services, including terms specifying the location and capacity of the trunks; the use of Common Channel Signaling, or in exceptional circumstances MF signaling; the routing and handling of Toll Free Service over Meet Point Trunk Groups; and the use of GR-317 or GR-394 for FGB calls?

See discussion of relevant authority at p. 4, supra.

Issue IV-7: Should the Interconnection Agreement include detailed terms to facilitate the prompt, reliable, and efficient Interconnection of MCIm's systems to Verizon's 911/E911 platforms, including the establishment of dedicated trunks from MCIm's Central Office to each Verizon 911/E911 selective router (i.e., 911 Tandem Office) that serves the areas in which MCIm provides Exchange Service, with the necessary CAMA signaling, ANI delivery and TTY/TDD capability; availability of diverse means of delivering 911 calls to minimize the likelihood of Central Office isolation due to cable cuts or other equipment failures; the routing of WorldCom's customer 911/E911 calls, including ANIs to the appropriate PSAP; Verizon's provision of CLLI codes for each selective router server area, the 10-digit number of each PSAP, associated addresses, and network meet points; provisions for the overflow of 911/E911 traffic to the Operator Services platform and the 10 digit overlay/alternate number used by each local PSAP; the provision by Verizon of

information describing the rate center boundaries served by each selective router; technical specifications for network interface, database loading and maintenance; terms governing the immediate restoration of 911 service and the responsibilities of each party therefor; terms providing for correction of ALI discrepancies, identification of special 911 routing arrangements, and identification of special operator-assisted requirements to support 911?

See discussion of relevant authority at p. 4, supra. In addition, the proposed terms are consistent with the requirement that incumbent carriers provide competing carriers with nondiscriminatory access to 911 service, so that the competing carriers' customers may have access to that service. 47 U.S.C. § 271(c); 47 C.F.R. § 51.319(e)(2)(i).

Issue IV-8: Should the Interconnection Agreement include terms setting forth Operator Services and Directory Assistance Trunking Arrangements?

See discussion of relevant authority at p. 4, supra.

Issue IV-9: Should the Interconnection Agreement contain detailed provisions addressing the signaling protocol to be used in interconnecting their networks, including the use of SS7 signaling, exchange of Automatic Number Identification, and the requirement that interconnection facilities be 64 Kbps Clear Channel Capable and Extended Super Frame with Bipolar 8 Zero Substitution line coding?

See discussion of relevant authority at p. 4, supra.

Issue III-4: Should the Interconnection Agreement include detailed provisions addressing network servicing responsibilities, including the development and exchange of joint non-binding forecasting responsibilities; Verizon's financial responsibility to provision trunks within the stated interval; the grade of service (blocking standard) to be maintained; trunk ordering procedures and trunk provisioning intervals; procedures for planning and provisioning of major projects; and testing of trunks prior to turn up?

See discussion of relevant authority at p. 4, supra.

Issue IV-10: Should the Interconnection Agreement include terms setting forth network management protocols to be used, including protective traffic management controls to protect the network from congestion or overload; expansive protocols for rerouting of traffic in case of congestion; and planning for mass calling and high volume calling situations ?

See discussion of relevant authority at p. 4, supra. In addition, the proposed terms will minimize service disruption in the event of network difficulties, which is consistent with the Act's goal of delivering competitive telecommunications service to customers.

Issue IV-11: Should the Interconnection Agreement include detailed terms addressing usage measurement, including use of standard Automatic Message Accounting records; measurement of terminating minutes in actual conversation seconds and originating minutes in network access duration seconds; the transmission of originating Calling Party Number (CPN) information; and procedures to be followed if CPN is not passed ?

See discussion of relevant authority at p. 4, supra. In addition, usage measurement information is necessary for the calculation of chargeable usage.

Issue IV-12: Should the Interconnection Agreement include detailed provisions addressing the responsibilities of the parties for complying with requests for audits of usage reports; the responsibilities of the parties for control office functions, coordination, installation, testing, and maintenance, of trunk groups; responsibility to notify one another of service affecting changes; responsibility to coordinate testing activity with one another; perform sectionalization to identify the location of troubles; advise one another of equipment failures; provide trouble reporting contact numbers, test-line numbers, and implement coordinated repair procedures?

See discussion of relevant authority at p. 4, supra.

Issue IV-13: Should the Interconnection Agreement include reporting terms which provide for monthly facility measurement and trunk group measurement reports from Verizon regarding its interconnection with WorldCom including provision of Data Interexchange Carrier (DIXC) traffic data for all trunk groups terminating in WorldCom's network?

See discussion of relevant authority at p. 4, supra. In addition, these terms will enable WorldCom to monitor Verizon's compliance with the Act's requirements that it provide interconnection on just, reasonable, and nondiscriminatory terms.

Issue I-4: Should the ICA contain provisions specifying that MCIm may choose to establish trunking to any given End Office when there is sufficient traffic to route calls directly to such End Office and that the charge for such trunks, if they are not shared, shall be the transport charges for dedicated transport and that for shared trunks the charges will be shared by both Parties in proportion to their respective use of the shared trunk facility ?

FCC rulings establish the right of CLECs to designate the most efficient points at which to exchange traffic with incumbent LECs. Local Competition Order ¶ 172. Consistent with that right, this proposed term permits WorldCom to choose direct end office trunking where that interconnection arrangement is efficient, and to obtain interconnection trunks at the appropriate rates.